

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 552 – HB 616

April 3, 2017

SUMMARY OF ORIGINAL BILL: Requires the Department of Children's Services (DCS) to partner with a facility to create a pilot program for the treatment of minor victims of trafficking for a commercial sex act. Requires the DCS to submit a report to the Judiciary Committee of the Senate and the Criminal Justice Committee of the House of Representatives at the end of the pilot program.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$349,900

Increase Federal Expenditures - \$270,600

SUMMARY OF AMENDMENT (004936): Deletes and rewrites the bill to add language that: requires the Department of Children's Services to submit the required report by April 1, 2019; changes the effective date to January 1, 2018; and deletes the provisions of the legislation as of January 1, 2019.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 23, 2017, a fiscal memorandum was issued for the bill as amended with a fiscal impact estimated as follows:

*Increase State Expenditures - \$370,500/FY17-18
\$370,500/FY18-19*

*Increase Federal Expenditures - \$286,500/FY17-18
\$286,500/FY18-19*

Based on additional information from the Department of Children's Services (DCS), the affected youth are currently covered at a cost of at least \$150 per day; therefore, the estimated fiscal impact has been corrected as follows:

SB 552 – HB 616 (CORRECTED)

(CORRECTED)

**Increase State Expenditures - \$174,900/FY17-18
\$174,900/FY18-19**

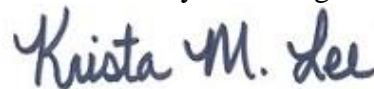
**Increase Federal Expenditures - \$135,300/FY17-18
\$135,300/FY18-19**

Corrected assumptions for the bill as amended:

- Based on information provided by the DCS, the proposed legislation cannot be accommodated within existing resources.
- Out of the 12 minors who will participate in the pilot program, one currently costs the DCS \$250 per day and the other 11 currently cost the DCS approximately \$150 per day. The level of care provided during the pilot program will cost at least \$300 per minor per day.
- The increase in expenditures is estimated to exceed \$1,700 {[1 x (\$300 - \$250)] + [11 x (\$300 - \$150)]} per day for the 12 minors.
- The total increase in expenditures associated with the pilot program is estimated to exceed \$620,500 (\$1,700 estimated cost per day x 365 days a year).
- These expenditures will be funded through a combination of DCS state funds (37.4%), TennCare funds (55.2%), and Title IV-E federal funds (7.4%).
- Medicaid expenditures receive matching funds at a rate of 65.605 percent federal funds to 34.395 percent state funds.
- The increase in expenditures of \$620,500 will be compiled of \$349,875 in state fund and \$270,625 in federal funds as follows:
 - \$232,067 in DCS state funds (\$620,500 x 37.4%).
 - \$117,808 in TennCare state funds [(\$620,500 x 55.2%) x 34.395%]
 - \$224,708 in TennCare federal funds [(\$620,500 x 55.2%) x 65.605%]
 - \$45,917 in Title IV-E federal funds (\$620,500 x 7.4%).
- The total increase in state expenditures is estimated to be \$349,875 (\$232,067 + \$117,808). Due to the effective date and the sunset date, the state expenditures in each year FY17-18 and FY18-19 are estimated to be \$174,938 (\$349,875 x 50.0%).
- The total increase in federal expenditures is estimated to be \$270,625 (\$224,708 + \$45,917). Due to the effective date and the sunset date, the federal expenditures in each year FY17-18 and FY18-19 are estimated to be \$135,313 (\$270,625 x 50.0%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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